

Section
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
8- 35826

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/2008
MM/DD/YY

AND ENDING 12/31/2008
MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: THE INVESTMENT CENTER, INC.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

1420 ROUTE 206 NORTH, SUITE 210
(No. and Street)

BEDMINSTER

(City)

NEW JERSEY

(State)

07921

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
RALPH J. DEVITO 908-707-4422

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

WAGNER, MOREY & NEE, LLC

(Name - if individual, state last, first, middle name)

2571 BAGLYOS CIRCLE, SUITE B20 BETHLEHEM, PA 18020

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

Potential persons who are to respond to the collection of
information contained in this form are not required to respond
unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, RALPH J. DEVITO, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of THE INVESTMENT CENTER, INC., as of DECEMBER 31, 2008, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

DEBORAH ANUARIO J. JONES
NOTARY PUBLIC OF NEW JERSEY
COMMISSION EXPIRES 4/2/2013

DEBORAH ANUARIO J. JONES
NOTARY PUBLIC OF NEW JERSEY
COMMISSION EXPIRES 4/2/2013

Ralph J. Devito
Signature

PRESIDENT

Title

Deborah Anuario J. Jones
Notary Public

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☐ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

****For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

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Wagner, Morey & Nee, LLC

Certified Public Accountants and Consultants

INDEPENDENT AUDITOR REPORT

Board of Directors and Stockholder
The Investment Center, Inc.:

We have audited the accompanying statement of financial condition of The Investment Center, Inc. (the Company) as of December 31, 2008 that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. This statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on this statement of financial condition based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of The Investment Center, Inc. at December 31, 2008, in conformity with accounting principles generally accepted in the United States of America.

Wagner, Morey & Nee, LLC
Bethlehem, PA 18020
February 23, 2009

THE INVESTMENT CENTER, INC.
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2008

ASSETS

Cash and cash equivalents	\$ 224,609
Clearing deposits	120,080
Receivable from brokers and dealers	1,662,989
Securities owned:	
Marketable, at market value	7,855
Property and equipment, at cost, less accumulated depreciation	358,047
Due from affiliated companies	88,536
Other assets	<u>881,412</u>

TOTAL ASSETS

\$ 3,343,528

LIABILITIES AND STOCKHOLDER'S EQUITY

LIABILITIES

Capitalized leases	\$ 166,756
Payable to registered representatives	725,691
Securities sold - not yet purchased, at market value	9,978
Accounts payable	88,380
Accrued expenses and other liabilities	410,151
Taxes payable	<u>100</u>

TOTAL LIABILITIES

1,401,056

Commitments and Contingent Liabilities

STOCKHOLDER'S EQUITY

Common stock - no par value, 1,000 shares authorized, 962.5 shares issued and outstanding	287,369
Treasury stock, 37.5 shares, at cost	(154,500)
Additional paid in capital	500,100
Retained earnings	<u>1,309,503</u>

1,942,472

TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY

\$ 3,343,528

The accompanying notes are an integral part of this statement.

THE INVESTMENT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS

The Investment Center, Inc. (the "Company") is a registered broker-dealer in securities under the Securities Act of 1934 and is a member of the Financial Industry Regulatory Authority. The Company is a wholly owned subsidiary of IC Financial, Inc. (the "Parent"). It operates nationwide.

SECURITIES TRANSACTIONS

Securities transactions and the related revenues and expenses are recorded in the financial statements on a trade date basis.

Marketable securities are carried at fair value, with changes in value included in the statement of income in the period of change. Fair value is generally determined by quoted market prices. Non-marketable securities are valued at fair value as determined by management.

INCOME TAXES

The Company is a qualified subchapter S subsidiary (QSub) under applicable provisions of the Internal Revenue Code. Therefore, no provision for federal income tax has been provided. Taxes on income include various states in which the Company operates.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ADVERTISING

Non direct-response advertising costs, amounting to \$ 322,615 for the year ended December 31, 2008, were expensed as incurred.

NOTE 2: SECURITIES OWNED AND SOLD, NOT YET PURCHASED

Securities owned and sold, not yet purchased, consist of securities at market values, as follows:

	OWNED	SOLD, NOT YET PURCHASED
Corporate Stocks	\$ 7,855	\$ 9,978

THE INVESTMENT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 3: FAIR VALUE

FASB Statement No.157 defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by FASB Statement No.157, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Company's own data.)

The following tables present the Company's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2008.

Fair Value Measurements on a Recurring Basis
As of December 31, 2008

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Netting and Collateral</i>	<i>Total</i>
ASSETS					
Equities	\$7,855	-	-	-	\$7,855

Fair Value Measurements on a Recurring Basis
As of December 31, 2008

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Netting and Collateral</i>	<i>Total</i>
LIABILITIES					
Financial instruments sold, not yet purchased:					
Equities			\$9,978	-	\$9,978

THE INVESTMENT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 4: EQUIPMENT

Depreciation of office equipment is calculated by the straight line method for financial reporting purposes at rates based on the following estimated useful lives.

	<u>YEARS</u>
Office equipment	5-7

Office equipment at December 31, 2008

Cost	\$ 1,114,314
Accumulated depreciation	<u>(756,267)</u>
	<u>\$ 358,047</u>

NOTE 5: LEASING ARRANGEMENTS

The Company leases office equipment under certain capital leases. The assets and liabilities under capital leases are recorded at the lower of present value of the minimum lease payments or the fair value of the asset. The assets are amortized over their estimated productive lives. Amortization of assets under capital leases is included in depreciation expense.

Capital lease payable in monthly installments of \$ 2,281 including interest through August 2010 secured by office equipment with a cost of \$ 113,976 and accumulated amortization of \$ 94,280.

Capital lease payable in monthly installments of \$ 2,818 including interest through March 2012 secured by office equipment with a cost of \$ 138,268 and accumulated amortization of \$ 29,626.

Capital lease payable in monthly installments of \$ 1,097 including interest through March 2010 secured by office equipment with a cost of \$ 33,965 and accumulated amortization of \$ 16,748.

Capital lease payable in monthly installments of \$ 1,028 including interest through March 2010 secured by office equipment with a cost of \$ 37,020 and accumulated amortization of \$ 12,386.

Future obligations under the Company's capital leases as of December 31, 2008, are:

<u>Year Ending</u> <u>December 31</u>	<u>Amount</u>
2009	\$ 76,007
2010	52,618
2011	30,297
2012	7,834
	<u>\$ 166,756</u>

THE INVESTMENT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 5: LEASING ARRANGEMENTS (CONTINUED)

The Company leases office space under a long-term lease.

Future obligations over the primary terms of the Company's long-term building lease as of December 31, 2008, are:

<u>Year Ending</u> <u>December 31</u>	<u>Amount</u>
2009	\$ 257,275
2010	274,427
2011	277,857
2012	277,857
2013	277,857
Thereafter	<u>115,774</u>
	<u>\$ 1,499,047</u>

The aforementioned lease will end on August 31, 2014.

Rent expense under operating leases was \$ 268,145 for the year ended December 31, 2008.

NOTE 6: CASH FLOW INFORMATION

The Company considers all short term investments with an original maturity of three months or less to be cash equivalents.

Cash paid for interest and income taxes for the year ended December 31, 2008 was as follows:

Interest (net of capitalized)	<u>\$ 13,612</u>
Income taxes	<u>\$ 2,531</u>

NOTE 7: BENEFIT CONTRIBUTION PLAN

The Company sponsors a 401k profit sharing plan that covers all employees age 21 and over with one year of service. The plan calls for a 100% matching contribution of up to 3% of an eligible participant's compensation, plus 50% of the next 2%. In addition, at its sole discretion, the Company may make a contribution up to the government issued limit of an eligible participant's compensation. For the year ended December 31, 2008, the profit sharing expense was \$ 106,995.

THE INVESTMENT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 8: CREDIT AND MARKET RISK

A clearing broker-dealer carries all of the accounts of the Company and is responsible for the execution, collection of and payments of funds and, receipt and delivery of securities relative to customer transactions. Off-balance sheet credit risk exists with respect to these transactions due to the possibility that customers may be unable to fulfill their contractual commitments wherein the clearing broker-dealer may charge any losses it incurs to the Company. The Company seeks to minimize this risk through procedures designed to monitor the credit worthiness of its customers and that customer transactions are executed properly by the clearing broker-dealer.

At December 31, 2008 cash and cash equivalents were held on deposit at diversified U.S. financial institutions.

Receivable from brokers and dealers represent amounts due from its clearing broker relating to customer securities transactions introduced by the Company.

NOTE 9: COMMITMENTS AND CONTINGENCIES

The Company is a defendant in an arbitration proceeding. While the outcome of such matters cannot be predicted with certainty, in the opinion of management of the Company, after consultation with counsel handling such matters, this action will be resolved with no material adverse effect on the Company's financial statements, taken as a whole.

NOTE 10: RELATED PARTY TRANSACTIONS

The Company acts as paymaster for IC Advisory Services, Inc., an affiliated company. The Company is due \$ 65,609 from IC Advisory Services, Inc. in connection with this arrangement. The balance is settled on a monthly basis. The Company has \$ 22,927 due from other affiliated companies on an open account basis.

NOTE 11: NET CAPITAL REQUIREMENTS

The Company is subject to the SEC's Uniform Net Capital Rule (rule 15c3-1) under the Securities Exchange Act of 1934, which requires the maintenance of minimum net capital, as defined and requires that the ratio of aggregate indebtedness, as defined, to net capital, shall not exceed 15 to 1.

At December 31, 2008 the Company had net capital of \$ 427,471 which was \$ 177,471 in excess of its required net capital of \$ 250,000. The Company's ratio of aggregate indebtedness to net capital was 3.22 to 1.

Capital withdrawals are subject to certain notification and other provisions of the net capital rules of the SEC.